

AMENDED IN SENATE JUNE 14, 2005

AMENDED IN ASSEMBLY APRIL 28, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## ASSEMBLY BILL

**No. 1123**

**Introduced by Assembly Member Wyland**

February 22, 2005

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An act to add Section 678.3 to the Insurance Code, relating to insurer liability.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1123, as amended, Wyland. Insurance: renewal: liability.

Existing law provides that there shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer, agent, broker, or other specified person for any statement made, unless shown to have been made in bad faith with malice in fact, by any of them in specified communications involving the cancellation of a policy, or in evidence submitted at certain proceedings in which the cancellation is an issue.

This bill would apply these protections, in addition, to communications and evidence involving the nonrenewal of a policy for insurers that issue professional liability insurance policies to health care providers. *For liability purposes, there would not, however, be a required showing of malice in fact.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 678.3 is added to the Insurance Code, to  
2 read:  
3     678.3. There shall be no liability on the part of, and no cause  
4 of action of any nature shall arise against, any insurer which  
5 issues professional liability insurance policies to health care  
6 providers or its authorized representatives, agents, or employees,  
7 or any licensed insurance agent or broker, for any statement  
8 made, unless shown to have been made in bad faith ~~with malice~~  
9 ~~in fact~~, by any of them in any of the following:  
10     (a) A written notice of nonrenewal, or any other oral or written  
11 communication specifying the reasons for nonrenewal of a policy  
12 issued to a health care provider.  
13     (b) Any communication providing information pertaining to  
14 the nonrenewal.  
15     (c) Evidence submitted at any court proceeding or informal  
16 inquiry in which the nonrenewal is an issue.